

**Informational Hearing of the
Assembly Veterans Affairs Committee**

CalVet Program Overview, Strategic Goals and Challenges

Tuesday, February 17, 2015, 2:00 p.m.
State Capitol Room 437

- I. Introduction and Welcome
- II. CalVet: Its Role, its Programs, Strategic Goals and Challenges
 - Debbie Endsley, Acting Secretary
California Department of Veterans Affairs
 - JP Tremblay, Deputy Secretary, Legislation and Governmental Affairs
California Department of Veterans Affairs
 - Diane Vanderpot, Undersecretary, Veterans Homes
California Department of Veterans Affairs
 - Keith Boylan, Deputy Secretary, Veterans Services
California Department of Veterans Affairs
 - Theresa Gunn, Deputy Secretary, CalVet Home Loans
California Department of Veterans Affairs
 - Mirtha Villarreal-Younger, Deputy Secretary, Minority Veterans Affairs
California Department of Veterans Affairs
 - Lindsey Sin, Deputy Secretary, Women Veteran Services
California Department of Veterans Affairs
- III. Public comment

Snapshot of CalVet (California Department of Veterans Affairs)

General CalVet Overview

CalVet provides services to California Veterans and their dependents, and to eligible members of the California National Guard. The principle activities of CalVet include:

- Operating veterans' homes in Yountville, Barstow, Chula Vista, Fresno, Redding, and Greater Los Angeles, Lancaster, and Ventura County with several levels of medical rehabilitation services, as well as residential services;
- Providing home and farm loans through the Cal-Vet Farm and Home Purchase Program to qualifying veterans using proceeds from the sale of self-liquidating general obligation and revenue bonds; and
- With the passage of Proposition 41 in 2014, CalVet, the Department of Housing and Community Development, and CalHFA are partners in a new program to provide multifamily housing for veterans.
- Subventions to county veterans service officers, direct educational assistance to qualifying dependents, and assisting eligible veterans and their dependents to obtain federal and state benefits by providing claims representation on both initial claim and appeals before the Board of Veteran Appeals.
- Operating California State Veterans Cemetery Program in compliance with the USDVA National Cemetery Administration, with locations in Igo and Yountville and soon in Monterey.
- CSAAVE (The California State Approving Authority for Veteran Education) oversees the certification of educational programs that are eligible for the federal GI Bill Education Benefits, including the Montgomery GI Bill and the Post 9-11 GI Bill.

CalVet Strategic Goals 2013-14 2015-16:

- Increase the accessibility and utilization of benefits and services through advocacy and education.
- Provide the highest quality of CalVet-sponsored care and services to veterans and their families.
- Make CalVet an employer of choice by investing in the development of our employees.
- Provide premier long-term care with fiscal efficiencies

Veterans Homes of California (VHC)

The VHC are long-term residential care facilities that provide California's aged or disabled veterans with rehabilitative, residential, medical, and support services in a home-like environment. Spouses of veterans also are eligible for home membership. Approximately 80 percent of CDVA's budget expenditures (excluding capital outlay) are spent on operating veterans homes, which are budgeted to house 2,183 veterans in the current fiscal year.

CalVet currently operates Veterans Homes in Yountville, Barstow, Chula Vista, Lancaster, Ventura, Redding, Fresno, and a facility in West Los Angeles on the grounds of the U.S. Department of Veterans Administration Greater Los Angeles Medical Center. VHC-Yountville was established in 1884 and is the largest geriatric facility in the United States.

The homes cost the state, net to the General Fund approximately, \$186 million dollars. VHC operations are funded by the General Fund, but CalVet receives revenue for VHC from several sources, including member fees, federal per diem, Medicare and Medi-Cal. The chart below describes the projected VHC budget for 2015-16, excluding VHC administration costs in Sacramento:

15-16 Revenue Estimate	
General Fund Expenditure	\$287.8 Million
Federal Per Diem (Revenue)	\$59.2 Million
Member Fees (Revenue)	\$25.3 Million
Aid & Attendance (Revenue)	\$2.5 Million
Medicare (Revenue)	\$6.8 Million
Medi-Cal (Revenue)	\$7.2 Million
Other (Revenue)	\$0.5 Million
GF Expenditure Minus Revenues **	\$186.3 Million

*Data Source: 2015-16 November Budget Estimate Package

**Excludes lease revenue debt service of \$31.4 million

The chart indicates the capacity, number of residents and number of staff projected for Fiscal Year 2015-16.

Facility	Beds (Capacity)	2015-16 Budgeted Beds	Projected Staff, 2015-16 *
Yountville	1,184	1021	883.6
Barstow	400	220	209.9
Chula Vista	400	305	340.6
West Los Angeles*	396	366	515
Lancaster	60	60	99.0
Ventura	60	60	99.0
Redding	150	150	269.2
Fresno	300	268	431.1
Totals	2,950	2450	2,847.4

* **Homes Audits.** An audit was completed of the home programs with the results released in May, 2013. The audit is a comprehensive look at the program model and its implementation. A whistleblower audit was released in 2011 concerning Morale, Welfare and Recreation (MWR) expenditures and oversight concerns at the Yountville home. Last year, Assemblymember Yamada brought a bill to reform the MWR system. The bill failed in the Senate.

Cal-Vet Farm and Home Loan Program

- The Cal-Vet Loan Program was established through the Farm and Home Purchase Act of 1921.
- Program authority is through the Military and Veterans Code of the State of California.
- Oversight by the California Veterans Board, which is appointed by the Governor and has an advisory role.
- Cal-Vet has provided the benefit of home ownership to veterans in recognition of their personal sacrifice to State and Country, at no cost to California taxpayers for the past 93 years.
- Cal-Vet has assisted over 422,000 veterans to purchase farms and homes since its inception.

Farm and Home Loan Volume History

	No. of Loans Funded	Dollar Value	Average Loan Amount
2014-15*	241	\$ 66,265,625	\$269,617.44
2013-14	284	\$ 71,523,612	\$251,843.70
2012-13	69	\$ 8,700,543	\$126,094.83
2011-12	87	\$ 11,329,222	\$130,220.94
2010-11	176	\$ 21,588,775	\$122,663.49
2009-10	236	\$ 35,305,526	\$149,599.69
2008-09	801	\$ 192,774,862	\$240,667.74

*Year to Date

The program experienced a drop in utilization since 2000 when the total loan count was nearly 35,000. In addition to the recession, a major reason for this decline is that up until 2008 the loan program was only available to Vietnam-era veterans. However, the federal law was changed in 2008 to open the loan program to all veterans no matter the era of service. In addition, CalVet loans were not competitive during the “great recession,” due to artificial pressure from the Federal Reserve keeping private-sector interest rates low and CalVet’s reliance on bond proceeds to make loans. During the “great recession” CalVet restructured both financially and organizationally. This coupled with recent changes in the Fed policy, CalVet interest rates now are at or below market rates for 30–year and 20-year fixed rate loans and they are starting to move back up. Another factor is that restrictions on the use of the bonds which capitalize the program prohibit refinancing.

Residential Enriched Neighborhoods Program

In October of 2014, CalVet launched a new affordable home ownership program, Residential Enriched Neighborhoods (REN), through a partnership with Homes for Families. This new program offers manageable loan payments and enrichment services, with permanent home ownership for California's Veterans.

The CalVet REN model is unique because it tailors home design and enrichment services for veterans and their families to meet veterans' physical, wellness and mental health needs. Many of the services offered are veteran-to-veteran, and a crucial part of this model trains veterans' in financial self-sufficiency.

CalVet recently completed an affordable 12-home community Enriched Neighborhood pilot project in Sylmar, California. CalVet currently has five CalVet REN Communities in development throughout Southern California ranging in size from 12 to 87 homes.

Subvention to County Veteran Service Officers (CVSO)

County Veterans Service Officers (CVSOs), which exist in 56 of the state's 58 counties, are often the main point of contact for California veterans seeking various forms of government assistance. CVSOs assist veterans in completing applications for federal benefits, such as disability and compensation benefits. CVSO's are created and controlled by county boards of supervisors and often receive a majority of their funding from counties, although CalVet has traditionally contributed \$2.6 million in state General Fund annually for CVSO's work with veterans seeking various benefits. Funding was increased in the 2013 budget for an additional \$3 million dollars, increasing the funding to \$5.6 million. The 2014 budget sustained this increase. It is unknown if the 2015 budget will continue the increase.

The increase in funding created a significant boost in the CVSO's and CalVet's ability to connect veterans in their communities with the expansion of outreach activities, thereby linking more veterans with their community-based system of care and local service providers. The funds have allowed for the deployment of 32.5 additional professional veterans service representatives and 30 support staff to connect veterans with their compensation and pension benefits available through the U.S. Department of Veterans Affairs (USDVA), resulting in an increase of federal dollars drawn down to the state this year and for years to come.

This increase is shown in the surge in participation rates of veterans in California receiving USDVA Compensation and Pension benefits from 15.7% in 2011 to 18.9% in 2013—surpassing the national average in 2013 of 18.5%. (*Source: Veteran Benefits Administration Annual Benefits Reports and USDVA Geographic Distribution of VA Expenditures*).

Per Military and Veterans Code 972.1, CalVet has the authority to determine how to distribute the subvention funds to the counties. Most of the funding is distributed based on workload reports submitted by CVSOs.

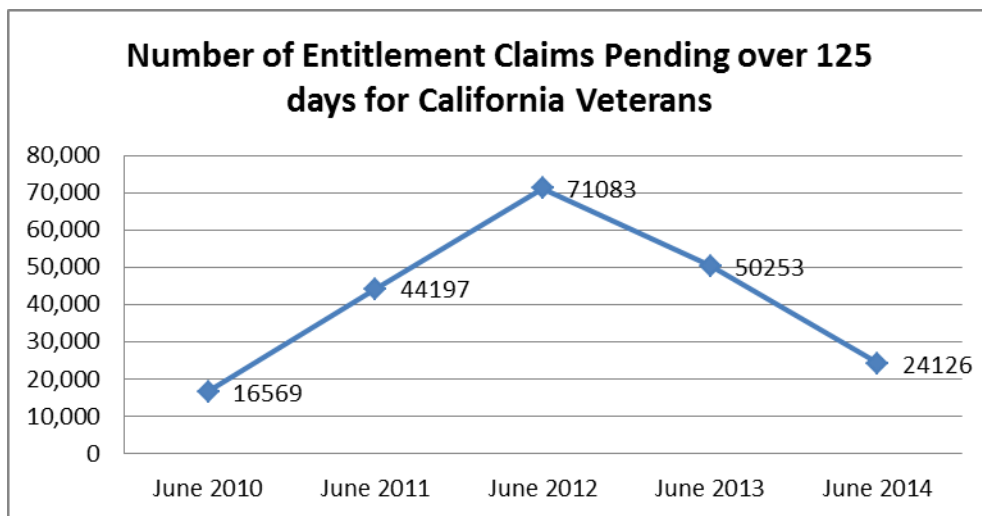
A key CVSO activity is helping veterans apply for federal disability compensation and pension benefits. These benefits are monthly payments to veterans, and CalVet has made it a top goal to improve the number of California veterans who receive these benefits. This is a goal for an

obvious reason: more federal dollars flowing into the state is a clear boost to veterans and the state's economy.

Approximately 15 percent of California veterans receive federal compensation and pension benefits, averaging \$1,929 per month per veteran. While the percentage of California veterans receiving these benefits has improved in recent years, the state still lags behind other states with large veteran populations like Texas and Florida. The national average is approximately \$2,104 per veteran.

The 2013 budget contained \$3 million for a "strike force" concept to place state employees in the USDVA Regional Offices to assist in reducing the disability claims backlog. As of February 2, 2015, the Strike Teams in the VA Regional Offices have reviewed 44,921 claims since September 2013, with 31 out of 36 positions filled; \$45,603,451 million in lump sum payments (retroactive payments based on the time the claim has been at the USDVA) and monthly award payments totaling \$5,878,940 million have been awarded. Annualized, that means California veterans will be receiving \$70,547,276 million every year for the rest of their lives. The award amounts are based on only those which have been reviewed by the Strike Teams and Adjudicated/Rated by the USDVA by November 27, 2014.

The Strike Teams have not only significantly contributed to reducing the claims backlog, but the CalVet/USDVA teams have also developed a proven method of expediting emergency claims through the strike teams. In late August, the Tulare County Veterans Service Office submitted a fully developed claim to the CalVet Oakland District Office for a veteran with terminal illness. The CalVet Strike Team uploaded the claim immediately and submitted it to the Oakland Regional Office team, who was able to review and forward it to be rated in one step. This resulted in a same-day rating decision for the veteran.



Source: USDVA Monday Morning Reports

Veterans Housing and Homelessness Prevention (VHHP) Program

California is home to nearly 1.8 million veterans, the largest veteran population in the nation. Nearly 15,000 California veterans experience homelessness on a given night, representing nearly 26 percent of the nation's homeless veterans. Homeless veterans are overrepresented in the homeless population, and veteran status is associated with a higher risk of homelessness. Of California's extremely low-income veteran renter households, 79 percent have a severe cost burden, spending more than 50 percent of their income on housing.

In 2013, AB 639 (Chapter 727, Statutes of 2013, Pérez) created the Veterans Housing and Homelessness Prevention Program (VHHP) to provide multifamily housing to Veterans. In addition, it authorized a ballot measure (Proposition 41) to ask voters to approve \$600 million of General Obligation bond authority to fund the VHHP. With the approval of Proposition 41 by California voters on June 3, 2014; HCD, in collaboration with CalHFA and CalVet, is in the process of designing, developing, and administering a veteran multifamily housing program pursuant to AB 639 (Chapter 727, Statutes of 2013, Pérez).

ANTICIPATED VHHP IMPLEMENTATION SCHEDULE

Stakeholder outreach on Program Design	July 2014 (Complete)
Stakeholder outreach on Draft Program Guidelines	November/December 2014 (In process)
Release final Program Guidelines, NOFA and application	January 2015
NOFA Workshops	January 2015
Anticipated Application date (initial NOFA)	March 2015
Anticipated Award date	June 2015

CalTAP- California Transition Assistance Program

AB 1509 (Fox, 2014) This bill was signed by the Governor and requires, by July 1, 2015, CalVet to develop a transition assistance program for veterans who have been discharged from the Armed Forces of the United States or the National Guard of any state, as specified. The bill would require the program to include certain California-specific transition assistance information.

State Veterans Cemeteries

State Veterans Cemeteries are intended to serve areas that are not adequately served by a National Cemetery. There are currently two in operation in the state and two are under development. These cemeteries are constructed and operated according to the terms of the federal State Veteran Cemetery Grant Program.

Northern California Veterans Cemetery

The Northern California Veterans Cemetery (NCVC) is the first California Veterans Cemetery constructed with the cooperation of the US Department of Veterans Affairs, and is operated by the state. NCVC, located near Redding, California, primarily serves the veteran population in the eighteen Northern-most California counties. The currently developed area of the cemetery provides sufficient burial space for more than thirty years. Beyond that, the cemetery has the capacity for expansion of space for well beyond 100 years.

Yountville Veterans Cemetery

The Yountville Veterans Cemetery is located on 11 acres of oak-covered hills in the northwest corner of the Yountville Veterans Home; this historic cemetery marks the resting place of over 5,700 veterans and dependents. The cemetery currently accepts only the interment of the Veteran Home's residents and their eligible dependents.

California Central Coast Veterans Cemetery

The California Central Coast Veterans Cemetery (CCCVC) will be the second California Veterans Cemetery developed and constructed in cooperation with the US Department of Veterans Affairs, Veterans Cemetery Grants Service. The facility will be located in Monterey County in the City of Seaside. CCCVC is currently in the design phase with the construction phase estimated to begin in November 2014. Construction is scheduled for completion in January 2016. The first phase of the cemetery will accommodate cremated remains only. Casketed burials will be included in the second phase of development.

Southern California Veterans Cemetery

AB 1453 (Quirk-Silva, 2014) required CalVet to explore and, if feasible, apply to the federal grant program for a fourth state veteran cemetery to be located at a site in the City of Irvine. Preliminary work on the design and feasibility study has begun.